

Representation - Modification UNC 0788 (Urgent)

Minimising the market impacts of 'Supplier Undertaking' operation

Responses invited by: **5:15pm on 20 October 2021**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

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|---|----------------------------|
| Representative: | Mary Craig |
| Organisation: | Ceres Energy |
| Date of Representation: | 20/10/2021 |
| Support or oppose implementation? | Qualified Support |
| Relevant Objective: | a) Positive d) Positive |
| Relevant Charging Methodology Objective: | Not Applicable |

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

We support this modification in the form of the legal text presented. This provides a route for suppliers to recover their supply chain as quickly and simply as possible in the event of Shipper failure. It reduces the financial risks associated with extended exposure to the market. The legal text allows a supplier to contract with and quickly put in place a new shipper. This reduces risk for suppliers and increases stability in the market. Appointment of the replacement Shipper after termination is by contract with the supplier and notification to National Grid.

Implementation: What lead-time do you wish to see prior to implementation and why?

As soon as possible, against the risk of further Shipper failures.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

The legal text facilitates a rapid commercial transfer and recovery of the shipper supplier relationship. There is no unnecessary limitation on which shippers could take on this role.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We are content that the legal text places no undue restriction on the qualification of a new shipper subject to them being 'Satisfactory to NG NTS' We note that that under Paragraph 10.1.1(d) the supplier will provide evidence of the shipper supplier relationship provided by a User that is 'Satisfactory to NG NTS.' We believe a letter of authority from the supplier is satisfactory evidence.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

There is some mismatch between the text in the proposal and the legal text in that the legal text does not place restrictions on the replacement Shipper while the report suggest only a shipper

'where that Supplier has arrangements in place with another Shipper User for the provision of gas to Supply Meter Points other than the Terminated Supply Meter Points.'

We see no reason why this restriction is necessary. It limits the benefits of the proposal to a great extent by excluding viable options for suppliers.

Our support is for the legal text and not for the wording of the report.

Please provide below any additional analysis or information to support your representation

With so much uncertainty in the market it is important to get effective methods of re-establishing stable relationships between Shipper and Supplier as seamlessly as possible.